



Washington, D.C. 20505

9 February 1981

The Honorable David Alan Stockman
Director
Office of Management and Budget
Washington, D. C. 20503

Dear Dave:

I have assessed in some detail the impact of the Presidential hiring freeze on the Central Intelligence Agency (CIA). Because of the Agency's unusual requirements and the special nature of its hiring process, some specific relief, which I have and will work to hold to a minimum, is needed.

As a prerequisite to employment, each applicant must undergo an extensive, time-consuming and expensive security investigation. This process includes an exhaustive 15-year background investigation. The selection and clearance process typically stretches out over many months and, as you might expect, we lose many good people just because they either cannot or choose not to tolerate this time delay inconvenience.

Even in the best of times the Agency has trouble filling positions for certain critical skills. In the past, when the Agency was forced to turn off its applicant pipeline, it took many months to recover.

Without relief, that effect would be sharply accentuated now because the Agency has experienced significant reductions during the past several years. For example, through the period 1969-1980 CIA's personnel ceiling has been reduced from [redacted]

As a result of these reductions, many parts of our mission cannot be accomplished effectively. At present, the Agency is [redacted] personnel below the Congressional-approved FY-1981 budget ceiling of [redacted]

We expect to lose an estimated [redacted] employees through attrition by the end of the fiscal year.

With that background, I can tell you that we can live with the freeze--except for certain critical skills essential to our mission. We need partial relief from the freeze in critical skills, representing approximately 55 of the 160 skills categories for which we recruit personnel. Specifically, we request authority to hire among the following skills to fill current

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met only by a United States citizen. Payment usually consists of a small retainer, a fixed daily rate, or reimbursement for out-of-pocket expenses. Turnover in this category is constant, and new will be required during the remainder of the fiscal year. I don't believe that it is the intent of the hiring freeze to restrict this Agency from taking on these short-term assets as the need for them arises from the process by which operational plans are authorized. For record purposes, I ask that you affirm that these individuals are exempt.

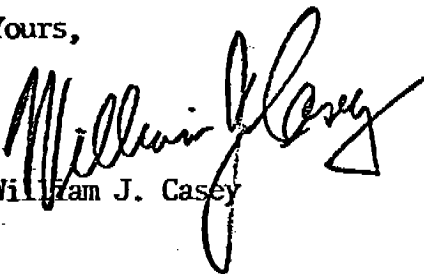
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In addition to the above, I believe it necessary that you exempt from the freeze those applicants placed in process between 5 November 1980 and 20 January 1981. During this period the Agency had given commitment letters to applicants. Under the most ideal conditions, only 50 percent of these would survive the clearance process. Because of our unique hiring problem, a considerable investment of time and money has already been expended in the advertising for and in the recruitment, selection and investigative screening of these applicants currently in process. Their selection and the Agency's commitment to them resulted from an expensive search over many months which culminated in the screening of approximately applicants. There is a large number of critical skills represented in this category, and it would be an indefensible waste to discontinue their processing and not allow those who passed the screening to report for duty. To realize a return on this investment, this entire group should be exempted from the freeze and it should result in hiring about new people whose absence would soon lead to attrition of our capabilities.

25X1

The impact of the total freeze in hiring of the above-critical categories of skills is discussed in the attachments. I urge your favorable consideration of this request and assure you that I will maintain strong monitoring controls on all new hires to ensure that only those for whom we have requested exemption will be brought on-duty. Your approval of this request will help me fulfill my responsibilities at an acceptable level, while continuing my basic support for the President's hiring freeze.

Yours,


William J. Casey

Attachments

4 February 1981

MEMORANDUM FOR: Chief, Contract Personnel Division

STAT FROM : [REDACTED]
Deputy Director of Personnel Policy, Planning,
and Management for Special Programs

SUBJECT : Hiring Freeze

1. Mr. Fitzwater indicated today that he does not want to issue freeze instructions on independent contractors and MOC's at this time. He prefers to consider each case on its merits. After discussions with the Director and Mr. Bross, Mr. Fitzwater is prepared to approve cases where strong operational needs are established and delay is impossible.

STAT 2. I advised [REDACTED] of our plans. All DDO requests requiring immediate attention are to be routed through CMS and they will return those that are not essential or that can be deferred. Urgent requirements will be forwarded to you with CMS endorsement. You should assure that necessary information is provided and make a recommendation to Mr. Fitzwater.

STAT

Distribution:

Original - Addressee

STAT 2 - DD/PPP&M/SP
DD/PPP&M/SP/[REDACTED] (4 Feb 81)

ROUTING AND RECORD SHEET

SUBJECT: (Optional)

FROM:
DD/PPPM/SP
5E-56 Hdqrs.

EXTENSION

NO.

DATE

3 February 1981

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. EA/PPPM

3 FEB 1981

has request for to hire an American citizen as a under MOC. Several other requests pending and he needs an answer soon. Our alternatives appear to be:

- a. Answer each request with a temporary hold pending further clarification of freeze;
- b. Advise all posts of temporary hold;
- c. Advise all posts to stop MOC's until further notice;
- d. Do not respond for several days (if resolution appears imminent).

I recommend that we now go to Option b.



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C/AG



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

January 29, 1981

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Federal Civilian Hiring Freeze

OMB Bulletin 81-6 provides the details on the hiring freeze ordered by President Reagan on January 20, 1981. Paragraph 6c of that bulletin provides that new hiring after January 20, 1981, could take place only if a firm written commitment had been made by an agency personnel officer prior to November 5, 1980.

Some agencies have indicated informally that this particular provision could cause serious hardship to some prospective employees. This memorandum provides guidance for such circumstances.

First, agency heads must recognize that the freeze is made necessary by a situation demanding sacrifices to help in bringing under control immediately the size and cost of government.

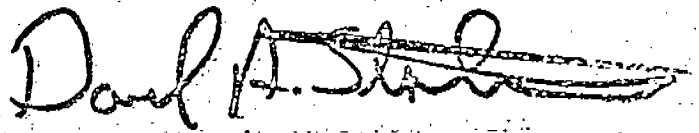
Second, agency heads are to review cases carefully and forward to OMB for consideration for exemption as potentially presenting a severe hardship, only those limited cases that meet all of the following conditions.

- a definite, written offer of employment must have been made by a duly authorized personnel officer between November 5, 1980 and January 20, 1981;
- not being hired will result in demonstrable, severe and irreparable financial loss (the financial condition of the candidate and the nature of the prospective job and salary should be taken into account in assessing severity of the financial loss);
- the individual involved was prudent in his or her actions (for example, in terms of timing of severing other employment; or taking on new financial commitments in anticipation of a new job);
- the actions of the agency and the individual were prudent in light of general public knowledge that a freeze would be applied; and
- except for the hiring freeze, the prospective employee would have been employed in the position offered.

The agency head must be satisfied that each of the above conditions is met before making a request to this Office.

Third, if requests are to be submitted, they are to be consolidated into a single submission signed by the agency head. The submission is to provide the following information on each case:

- Name of prospective employee;
- Position, grade and nature (temporary, career-conditional, etc.) of prospective appointment;
- Organizational designation and location of prospective work place (do not use acronyms below the agency level);
- Name, title, and office telephone number of personnel officer who signed the commitment letter;
- Name, title, and office telephone number of person who directed that the commitment letter be issued;
- Any other pertinent information relating to the job offer (e.g., in accord with the one-for-two hiring limitation); and
- Circumstances leading to the view that a serious hardship exists under the conditions outlined above.



David A. Stockman
Director

Impact of Regulation Freeze Is Unclear

By Peter Behr and Joanne Omang
Washington Post Staff Writers

No one in the government seemed certain yesterday which regulations were caught in the net of President Reagan's 60-day freeze on federal rulemaking.

The Reagan administration has compiled a list of 119 rules issued in the final days of President Carter's term, and it is these rules that are "candidates for postponement," according to James C. Miller III, who joined the Office of Management and Budget to coordinate the new administration's deregulation campaign.

But the list was drawn up so rapidly that he and other officials have not yet identified which of the regulations on it the administration wishes to take action against, nor do they yet know which ones are legally within their power to alter.

A check of the Federal Register's file of regulations scheduled to be printed in its "rules going into effect today" column over the next 60 days, however, turned up a number that would seem likely to attract administration fire. Among them:

- A Labor Department rule that would apply federal wage regulations to service employees of contractors in the timber-cutting industry and in the research and development field. A White House official called that "an unnecessarily expansive definition of the act." He added that the rule was controversial, it was done in a hurry and it is a candidate for reconsideration.

- The Environmental Protection Agency's plan to list the Hawaiian tree snail as an endangered species.

- An Occupational Safety and Health Administration rule, called the "walkaround standard," that would require employers accompanying OSHA inspectors on their rounds to be paid for the time spent with the inspector.

OSHA spokesmen said that rule is ready in effect and cannot be easily altered without major legal action and public hearings. The status of several other rules on the Federal Register list, all presumably now frozen, was unclear, while the administration said the list contained at least one rule that did not appear in the Federal Register: water pollution standards for the beer industry. That one deserved

to be rethought," a White House official said.

Some rules cannot be postponed because they are governed by court-ordered or legislated timetables. "We aren't going to ask the Cabinet members to break the law," Miller said. Postponement, he continued, will allow the Reagan team to "put in place the new regulatory-management program we're developing."

The 119 rules the Carter administration published between Dec. 29 and Jan. 23 was a 40 percent increase over the same period last year, Miller said. "A lot of things were pushed through that won't pass the litmus test in this administration."

According to another White House official, several categories of regulations are not covered by Reagan's order, including Internal Revenue Service rules, regulations related to federal procurement and those related to agency or departmental organization, management or personnel policies.

Moreover, the administration doesn't intend to freeze regulations

that serve to lighten regulatory burdens, the official said, though the Federal Register list contains at least two rules that would grant waivers to various automakers to ease the impact of pollution control standards.

The freeze does not affect the 16 independent federal regulatory agencies, such as the Federal Trade Commission, the Consumer Product Safety Commission and the Nuclear Regulatory Commission.

"Nothing in this order addresses what will be done to the substance of any regulation," said Jeff Eisenach, special assistant to Miller. "Generally the regulations will be examined in terms of cost-effectiveness." He said the ones chosen for action could be subject to "a number of initiatives, which could be implemented through executive orders or memoranda or just jawboning, or proposals to [Capitol] Hill. We're just not ready to speak to what proposals will drop out of the basket."

Staff writer Philip J. Hilts contributed to this report.

30 Jan 80 - Post

Rules for Hardship Exemptions From U.S. Hiring Freeze Issued

By Donald P. Baker
Washington Post Staff Writer

The White House announced guidelines yesterday for granting hardship exemptions to its retroactive hiring freeze. But there was uncertainty in the Office of Management and Budget, which is in charge of considering appeals, about how many of the thousands of would-be federal workers would qualify for exemptions.

The guidelines "leave room [to hire] people who have been honestly, severely injured," said one OMB official. Another, however, interpreted them as requiring a job applicant "to convince both [their] agency's Cabinet official and [OMB Director David A.] Stockman" they should be granted an exemption. President Reagan's first executive order forbade employment to any civilian hired after Nov. 5 and not yet on the job.

One OMB official said he had been barraged by exemption requests from federal personnel officers "from Anchorage to San Juan," and begged for

anonymity because "I'm living in fear that some frustrated job-seeker will come in here and blow my brains out."

Yesterday's memorandum from Stockman to heads of all executive departments and agencies said that before an agency can even ask OMB for an exemption, an applicant must meet these conditions:

- Produce a written offer of employment from an authorized personnel officer between Nov. 5 and Jan. 20.
- Show that not being hired "will result in demonstrable, severe and irreparable financial loss."

- Prove that the individual "was prudent" and did not quit another job prematurely or make financial commitments, such as buying a new house, in anticipation of the new job.

- Demonstrate that the federal agency was prudent in offering the job while knowing that a freeze was imminent.

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NOT SENT

TO: All Stations and Bases

1. On January 20, 1981, the President directed a total freeze on the hiring of Federal civilian personnel. Initial directions have been issued which require immediate attention. This hiring limitation applies to all types of appointments, temporary as well as permanent. It also applies to all types of contract employment, full-time, part-time, and contract wives. Independent contractors cannot be used to alleviate the effect of the hiring freeze.

2. In view of the above limitations, authority to hire individuals in any capacity or to engage independent contractors is hereby rescinded.

3. It is recognized that this freeze will place severe burdens on everyone. Headquarters is attempting to anticipate the problems and questions you face and is seeking clarification of key issues. We will keep you advised as additional information becomes available.

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